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representations extraordinairement suivies : le public semblerait ne pouvoir se rassasier de cette farce, véritable thermomètre du goût qui regnait alors. Elle valut cinq cent mille francs aux comédiens et quatre vingt mille francs à l'auteur.

‘ Mais la fortune n'avait pris plaisir à elever si haut Beaumarchais que pour le trahir plus cruellement : l'autorité ne s'étoit montrée si faible, si indulgente, si aveugle en sa faveur, que pour deployer ensuite contre lui une rigueur hors de saison au moment même de son triomphe : à la soixante quatorzième représentation de la pièce, Beaumarchais fut arrêté et conduit à la maison de correction de Saint Lazare comme un jeune libertin. Il avait alors cinquante cinq ans et pouvait être regardé comme incorrigible. On rit le premier jour de ce coup d'autorité : le second on en demanda la raison : le troisième on raisonna, commença même à plaindre le prisonnier : la quatrième on apprit que par un trait d'inconstance aussi singulière que tout le reste, le gouvernement avait rendu la liberté à Beaumarchais. *Figaro* étant alors suspendu par l'indisposition d'un acteur, il paraît que le gouvernement s'étoit chargé de donner au public la Comédie.’

The last of the volumes is occupied by remarks upon contemporary writers. We have no room for further extracts, and if we had our readers would probably take no great interest in poets, whose names and works are never heard of out of France, and hardly within it. Some of the judgments of our author upon the literature of other nations, particularly England and Germany, would perhaps contribute more to their amusement, and we had intended to extract a part of his observations upon Shakspeare, but the length to which this article has already extended makes it necessary for us to omit them, and hasten at once to a close.

**ART. XVII.**—*Addresses of the Philadelphia Society for the Promotion of National Industry.* Philadelphia, M. Carey & Son, 1819, pp. 280.

THIS work owes not a little of its present size to the insertion of memorials to Congress in favour of manufacturers and other public documents, among which the report of Alexander Hamilton, Secretary of the Treasury in 1790, extracted from his works, may be recommended to our readers for their instruction ; and that of the committee of commerce and manufactures to the House of Representatives in 1816, for their amusement. The rest and the original matter contain-

ed in the book excite no other remark, than that most of the facts stated in them seem to be at war with the arguments, and to show that domestic manufactures have advanced with unexampled rapidity, and of course need no further protection. We proceed, accordingly, without farther preface, to make a few remarks on the important topics involved in the present discussions on the encouragement respectively due to the manufacturing and commercial interests, in our country.

That the wealth of a nation consists of the wealth of the individuals composing it, that individuals will seek the promotion of their own interest, and that their efforts to promote it will in the main be rightly directed, are positions which seem to lie at the very foundation of all systems of political economy. Hence legislative attempts to encourage any one kind of industry above others are always either pernicious or futile; for, if the occupation to be encouraged is in fact more profitable to those, who may engage in it, than any other, they will be sure to undertake it without the patronage of government, and, on the other hand, if a different pursuit is more profitable to them, it must for that very reason be more so to the public. It needs no law to induce men to seek their own emolument, and to procure every thing they want where it is cheapest, whether abroad or at home. Whatever they can buy for less than it would cost them to make it, they will prefer to buy, and by devoting as much labour as they must have employed in making it, to some more profitable occupation, will obtain not only enough to pay for it, but a surplus for use or for the purchase of some other commodity, a surplus, which is so much gained both to the individual and to the nation.

Prohibiting the introduction of foreign manufactures or imposing taxes on them can benefit the domestic manufacturer only so far as it tends to increase the price in our own market of the articles, whose importation is thus restrained, and is therefore, as this difference in the price is paid by the consumer, a tax on the community; the effect of which is to encourage the production of those articles at home; whereas it does not need encouragement if it is the most lucrative employment, and ought not to have it, if it is not so.

Such are the principles so fully developed and ably supported by Adam Smith in his *Wealth of Nations*, and from which he deduces the conclusion, that no government ought to aid

any particular branch of industry, or to impose the least restraint on trade, whether foreign or domestic. He admits indeed that when such restraints have been established, they should not be suddenly removed, but slowly, gradually, and after long warning ; so that persons, who have engaged in any pursuit under their encouragement, may not suffer by being obliged to abandon it all at once in search of a new one. Perhaps he lays too little stress on this last consideration, but his general train of reasoning has never been refuted. Yet the conclusion, to which it leads him, has never governed the conduct of practical men, and is directly at variance with the policy of the most enlightened nations.

Adam Smith himself indeed does not recommend its universal application, but emphatically approves the English navigation act, which the greatest statesmen of that country have always considered one of the principal sources of its prosperity. This exception however is made, not on the ground that the act is favourable to commerce, or has any tendency to enrich the nation, for it is asserted to be a burden on the people, like every other restriction of trade, but because it contributes directly to defence, which is more important than opulence, and the tax, which it imposes on the public, is a cheap price for security.

Another exception is that of the importation of articles, on whose domestic manufacture some tax is imposed, in which case it is considered politic and favourable to the freedom of trade to lay an equal burden on the introduction of the same articles from abroad. Retaliatory taxes imposed on goods imported from nations, who restrain or prohibit the importation of our productions into their territories are approved, by this writer, only when designed to counteract the effect of the restraints or prohibitions complained of, or to bring about their repeal.

To this system of political economy it has been objected, that carried to its full extent, it might make a nation dependent on others for the comforts or for the very necessities of life, so that an interruption of its established commerce would occasion great and general suffering. It is further said, that even with regard to conveniencies or mere luxuries, though they may be bought cheaper from a foreign nation during peace, yet that a war may increase their price so much and the time of war may bear so great a proportion to that

of peace, as to render them on the whole more costly than they would be if manufactured at home. These objections have much weight, and for ourselves we readily admit that the system of Smith, as stated and limited by himself, cannot safely be made the rule of legislation.

We cannot however adopt the language of some of the memorials, which burden the floor of Congress, and which take it for granted that since the conclusion laid down by the author of the *Wealth of Nations* is erroneous or too unqualified, all his principles are therefore false. We cannot assert that by establishing manufactories a nation gains the whole difference between the value of the manufactured articles and that of the raw materials composing them, because it is obvious that if the labour employed in them would otherwise have been devoted to some more lucrative occupation, the public loses by their establishment; and at any rate the profit, that would have been obtained by the workmen in the business, which they would otherwise have pursued, must be deducted from the value added to the raw material by their labour, in order to determine the net gain to the community. Otherwise the more it costs us to make any thing, the greater our inducement to do so; and nothing, which could possibly be made at home, should ever be procured abroad. The absurdity of such pretensions is well exposed by Smith, who states that very good wine might be raised in Scotland for about thirty times its present price, by means of glasses, stoves, and hotbeds, and asks if it be therefore reasonable and politic to prohibit its importation from France, in order to encourage its domestic production.

Some of our memorialists have even gone so far in their zeal as to deny the plain proposition, that it is more profitable to nations, as to individuals, to buy what they want cheap rather than dear. They profess indeed not to wish their doctrines carried immediately to their full extent in practice. But if they are true in their full extent, they ought to be enforced, and if not, the principles, which limit their application, ought to be pointed out. The conduct of the government should be regulated by sound principles, and not by the varying wishes of any class of men. The repetition of such futile propositions and inconclusive arguments as have been urged of late in favour of manufactures will ultimately injure the cause it is designed to promote; for no reliance

could be placed on the permanence and consistency of measures resting on so false a foundation, and it would evidently be more disadvantageous to manufacturers themselves that restrictions imposed for their benefit should be hastily repealed, than that they should never have been enacted. Nothing is more mischievous in the laws, particularly in those affecting the credit or occupations of individuals, than instability; and such laws should never be passed unless they are founded on some established and sound system, and supported by motives, which may be expected to preserve their influence over successive legislatures.

We have already admitted the system of Smith to be an unsafe guide, and therefore his reasoning must be erroneous, or at least defective, omitting the limitations and conditions necessary to make it applicable in practice, the only quality which gives value to any system. It is less important to decide whether it would be better for all nations to have abstained from commercial restrictions, than to point out the line of conduct, which it is expedient for a single nation to pursue in the actual state of things.

The fundamental error in that writer's argument is the assumption that enlightened self-interest is the sole guide of human conduct. Were this so, there would be no need of restrictions on trade, or indeed of any laws at all. It is true that the system requires a universal and intelligent pursuit of pecuniary interest only. Even this however is too much. Habit and indolence have an influence not less general, though it may seem less violent, than that of interest. We see them overpower it every day both in individuals and in communities. Men pursue the occupations, in which they were brought up, not only while they are profitable, but as long as they afford a subsistence; and what a difficult and slow process it is to civilize a barbarous people. It is then a national advantage, particularly where the population is rapidly increasing, to have a great variety of employments for industry, as each is in that case less likely to be too crowded, and a greater scope is afforded for the exercise of various capacities.

The error just mentioned is nearly connected with another, into which this distinguished writer has fallen, viz. the supposition that there is in every nation a certain quantity of labour, and that the encouragement of any pursuit can never

increase that quantity ; but only divert part of it from one channel to another. Were the desire of gain indeed the only motive by which men are influenced, every one would labour to his utmost in the occupation, which he deemed most profitable. But in countries, where the people are employed exclusively in agriculture, still more where they are mere shepherds, and most of all where their subsistence is principally derived from the chase, they are at work but a very small portion of the time. The introduction of manufactures among them might increase the quantity of labour very much and its value still more, without diminishing in any degree the activity or productiveness of their former employments. Hence the establishment of such manufactures as call into action those who would otherwise be unemployed, and afford constant occupation for the intervals of leisure existing in other pursuits, may be said to create so much industry, the productions of which, increased perhaps by the use of powerful machinery, are a clear profit added to the common stock. Admitting then all restraints on trade for the encouragement of domestic manufactures to be a tax on the community, there may still be cases in which this tax is more than compensated, by the fruits of the additional quantity of labour to which it gives rise.

It is evident that these remarks do not show the system under consideration to be entirely fallacious, they do not subvert the position, that restraining the freedom of foreign trade can benefit any class of citizens, only by enabling them to obtain from their own countrymen a higher price for their labour than they could otherwise do, and that this difference of price is an immediate public burden. They do not shake the general truth of the maxim, that it is best to supply our wants on the cheapest terms possible, but only show that there are important exceptions to its application. With some exceptions, however, the maxim is a safe guide for nations, as well as for individuals. But it by no means warrants the conclusion, that no taxes or restraints should be imposed for the purpose of encouraging domestic industry. The question is not what is cheapest at the present moment, but what is cheapest in the end.

If a monopoly of any business by a single class of our own countrymen tends to establish exorbitant prices, a monopoly in the hands of foreigners is not less dangerous ; and those

who are secure from all competition in our market, whether in consequence of their own laws or of ours, have a monopoly in effect. Is it asserted that if founded on their laws, the tax is paid by their own nation? It may be so at first; but the object and the tendency of all monopoly is ultimately to throw a burden on the consumer. Let it not be said that if they abuse it by demanding extravagant prices, these prices alone will be a sufficient inducement for some of our own citizens to become their competitors. Such assertions are founded on the supposition that men will instantly abandon the pursuit in which they have been educated, to engage in that which is most profitable; a supposition not true with regard to any employment, and least of all in manufactures carried on by extensive and complicated machinery, in which much time, labour, and expense are requisite in order to maintain a successful competition with ancient and costly establishments. It is a common error to reject the greatest and best founded hopes of the future, when a sacrifice of the present, however slight, is necessary to realize them. Nor are the novelty, difficulty, and expense of such an enterprise the only obstacles to it. Since the advantages of possessing a monopoly are so great, it is very supposable that foreigners may attempt to ruin all new competitors by underselling them for a time, and thus endure a present loss, in order to perpetuate a monopoly, from which they will take care to derive at last an abundant compensation. Indeed the natural and necessary effect of every such new establishment is to diminish the demand for the productions of those, which previously existed, and these are thus apt to become overstocked and tempted to sell at reduced prices. This process is universally asserted in Germany and Holland to have been carried on, upon the largest scale by the English manufacturers, since the peace; who, out of policy or the necessity we have just mentioned, have stocked the continental markets with their fabrics, at less than the cost of manufacture.

Though every restriction, therefore, of trade, foreign or domestic, is an immediate tax on the public, and no class of citizens can receive legislative aid but at the expense of the rest, it is nevertheless for the interest of a nation to impose such restrictions, when they tend to provide the means of defence; to establish a useful variety of occupations, to increase the quantity and efficiency of labour, or to make the supply of its



wants cheaper on the whole than it would be without them, provided that in every such case the benefit thus ultimately obtained be a full compensation for the present burden. It is difficult to be definite on this subject, without entering into details, which our readers would deem too minute and tedious ; for the propriety of any restriction depending on a comparison of the immediate inconvenience it may produce with the advantages which will subsequently result from it, every measure of this kind must be influenced by many considerations peculiar to itself and to the occupation it is designed to encourage.

Among the means of defence may be mentioned in the first place, implements and munitions of war. For any country to expose itself to the hazard of being surprised unprovided with these would be little less than fatuity. There are but two modes of providing them for a nation whose foreign commerce would be interrupted by a war—to import them during peace and preserve them in public magazines ; or to secure their domestic manufacture by premiums and bounties, or by restraints on their importation. Both these measures are expensive to the public, but the last is the most efficient. A government that should undertake to hoard up warlike implements and munitions, must always procure more than it will actually need in order to be sure of having enough, and after all might find the most abundant provision exhausted by the length and severity of a contest, besides the loss of interest on their value, and that occasioned by their deterioration ;—while the manufacture of them adapts the supply to the occasion, and instead of being exhausted, extends and increases with the increase of demand. The establishment of such manufactures, therefore, may be the best mode of securing the means of defence, even where it is the most expensive ; but in our country it is the universal and undoubtedly the correct opinion, sanctioned too by the practice of the government, that it is the least so.

The means of subsistence and the common comforts of life are also essential to security. But the want of these does not increase like that of munitions of war with the difficulty of obtaining them. It is constant, and not materially varied by a transition from peace to war. This steadiness of demand, together with their bulk, which renders their transportation difficult and expensive, affords such advantages to

their domestic production, as to ensure it in most countries without the patronage of the legislature. In our own, assuredly, a war, deemed just and expedient, would not be delayed a moment by the apprehension that we could not provide ourselves with necessary food and clothing.

Naval stores are likewise necessary for our defence ; but the demand for these too is constant, so that the want of them would not immediately increase with the difficulty of their importation. Those accumulated for commercial purposes, would on a sudden interruption of commerce afford a present supply for naval armaments. Hemp is one of the principal articles of this kind which we import, and before the stock on hand, on a commencement of hostilities, should be exhausted, its culture, already carried on in the Western States, might be so far extended as to raise it in abundance and of an excellent quality. It would be much more difficult in case of a permanent interruption of commerce, to procure sail cloth. None comparable to that of Russia either in cheapness or durability has hitherto been made by any other nation. Its manufacture cannot be easily established or speedily extended, and it would be provident to cherish and encourage it, even at a considerable expense, as soon as it can be done with a rational prospect of success.

The advantages resulting from a great variety of domestic employments in preventing any one from being crowded, affording scope for various capacities and dispositions, and giving activity to every occupation by facilitating internal trade, are direct and obvious enough to require legislative provisions only in rude countries or in such as are merely agricultural or pastoral. But though this consideration alone rarely justifies the imposition of restrictions on trade in refined countries and least of all among a very enterprising people ; yet it should have much weight in preventing the obstruction of any channel of industry already formed.

Those occupations, which increase the actual quantity of labour by affording employment for time, which would otherwise be wasted, are most deserving of encouragement. But they have least need of it, because the whole labour created by them, is a clear profit to the individuals engaged in them, as well as to the public, and they are therefore in no danger from foreign competition. Instances of these are household manufactures, and those carried on by children. The form-

er, though they require more time and exertion than is sufficient to produce the same effect in large establishments, where more perfect machinery is used, and the division of labour is carried to a greater extent, are highly advantageous to the nation both in a moral and economical view. Not only they do not impede the employment, whose intervals they occupy, but they often promote its success, by establishing habits of method and activity.

There are then limitations to the application of the rule that a nation should seek the supply of its wants where it can be found cheapest. As a general rule, however, it is correct; and the main error of the system founded on it, is the deduction that no restraints should be imposed on trade in favour of domestic industry. Since monopoly tends to enhance prices, and competition to diminish them, it is obviously profitable to a nation for its citizens to enter into competition with foreigners; and the amount of this profit in any occupation depends on its necessity and general use; and on the degree to which its productions are improved and their price diminished by the competition. Whatever this amount may be in a particular instance, it is certainly good policy to purchase it at the expense of any present burden, which is necessary to obtain it, and at the same time not more than a fair equivalent for it.

The supposition that we shall have it as speedily for nothing; that as soon as competition is a general benefit in any pursuit, it instantly springs up of itself, is inconsistent with common experience, with the fact that men are often deterred from a new undertaking by the great expense necessary for its commencement, by the time requisite for acquiring a competent degree of skill, by fear of the opposition of those who already possess its monopoly, or by a doubt whether the benefits to be gained will be realized during the life of those, who first undertake it, however certain it may be that they will ultimately accrue to the nation.

The natural situation and climate of some countries give them such advantages for certain pursuits, that no present encouragement could enable our citizens to rival them hereafter in these on equal terms, even in our own market. What would be thought of excluding teas, wines, and brandy, with the design of encouraging their production at home? There are, however, many manufactures, which, once established,

may enter into fair competition here with those of any other country, since these must be burdened with all the expenses of transportation. It is true, indeed, that wages are higher among us than in any part of Europe; but this difference is more than counterbalanced in some cases, as in coarse manufactures of iron, those of wood, skins and glass, by the freight of articles, whose bulk is so great in proportion to their value. Where the work is principally done by women and children, or by the aid of powerful machinery, this difference in the price of labour is less or less important. In manufactures, whose raw materials are produced in our country cheaper and better than elsewhere, so as to be objects of export, the domestic workman has an additional advantage by being saved the charge and delay of two transportations, and sometimes of two imposts.

The ultimate benefit derived by the community from the encouragement of any branch of domestic industry depending, in general, on the increase of competition, it may be objected that prohibitions of importation or duties amounting to them do not increase competition but destroy it, or at best, even in case of articles previously monopolized by some other nation, can do no more than transfer the monopoly to our own countrymen. The remark is just; and therefore perpetual prohibitions or perpetual prohibitory duties are always impolitic, and a tax on the public, except when the domestic competition is so great as to afford the article prohibited at the cheapest rate, and in this case they are entirely unnecessary. Undoubtedly duties should be imposed on every employment of foreigners interfering with the settled occupations of domestic industry, at least equivalent to the bounties granted them in their own country, for this tends to preserve a fair competition and to prevent a monopoly by them. But beyond this it is very questionable whether such duties should be permanently fixed at a higher rate than the most profitable, which is the highest, that can be established without excluding competition from abroad, and thus giving a single class of citizens the advantages of a monopoly to the injury of the rest.

When further support is proper, the cheapest and most efficient is to grant bounties or premiums, though this would be more unpopular than measures in reality less economical. Heavy imposts or even temporary prohibitions, whose amount

and duration must depend on the nature of the pursuit to be encouraged, on the charges to be incurred and the skill acquired before it can be fully established are also admissible ; for a temporary monopoly may produce a general benefit, though a permanent one cannot.

The encouragement of a particular occupation being of necessity an immediate charge on the community, it can be justified only by showing that this expense will be counter-balanced by the common benefit, which it will ultimately produce ; and since every benefit should be obtained on as good terms as possible, the burden ought to be the least, that is adequate to the accomplishment of its object. When, therefore, sufficient encouragement is given to any pursuit to ensure its continuance, its extension should in ordinary cases be left to time and industry.

In selecting objects for the patronage of the nation, those should be preferred, which promise the most abundant and speedy remuneration for its aid, those which from the situation of the country or the character of the people, are likely to be most extensively cultivated here, and most successful in competition with foreign productions ; those in short to which our circumstances are best adapted, which therefore need the least artificial excitement, and whose protection is of course least burdensome and their progress most rapid. The consequences of attempts to promote these will enable us to judge with more confidence of the propriety of extending such patronage to those departments of industry, whose support requires a greater sacrifice and presents a more doubtful result.

In making this selection it is also of great importance to consider what new business is least likely to interfere with any branch of national industry already flourishing. If it is not for the good of the whole community that a particular pursuit should be encouraged, it ought not to be so ; and if it is for the good of the whole, the whole should bear the burden. Since individuals cannot instantly change their employments without considerable loss, to prevent by new laws the prosecution of one already carried on is an immediate and positive injury to those engaged in it, and is equally impolitic and unjust. Such is the preposterous proposition to abolish drawbacks and thus throw away much of the carrying trade, which if not the cause of national prosperity, has

at least always been followed by it, whose acquisition in every age and country has been attended by national power, wealth, and refinement, and whose loss has been as universally the prelude of decay. The effects of this wanton blow would be generally felt. By it our produce would be excluded in effect from all the ports, where it is sent only as part of a cargo, the residue of which consists of foreign articles reexported ; and its sale would every where be greatly embarrassed, and its price of course depressed ; since we could not exchange it with other nations for those of their commodities, whose purchase would be most profitable to us, but should be limited to such as we could manage to consume at home. This abolition could be advantageous to manufacturers only as it might raise their relative wealth in society by injuring another prosperous class of citizens, more than it injures them. For it is obvious that it would be injurious even to them by preventing the free and abundant importation of the materials necessary for carrying on their business ; thus enhancing their price and rendering the manufactures of our own country less able to rival those of Europe. It is worthy of remark that one of the measures recommended by Alexander Hamilton for the direct encouragement of domestic manufactures is the allowance of a drawback on the materials composing them.

Acquitting the manufacturers, however, of the absurdity of desiring all that some of them demand, or intending to propose the abolition of drawbacks in all cases ; and supposing them to confine it to those articles whose use may diminish the consumption of domestic manufactures, we still think this the worst of all modes of giving them encouragement, because it would keep the demand for such articles perpetually fluctuating. No more would be imported than was intended for internal consumption, and the average quantity consumed would be about the same, whether a drawback existed or not. But any circumstance rendering the supply occasionally insufficient would enhance the price, which would tempt a sudden increase of importation, and if this or any other event should for a time glut the home market, and the abolition of drawbacks prevent exportation, a great depreciation would take place in these articles, and of course in the domestic manufactures, with which they came into competition. This is one of the inconveniences constantly attending a very lim-

ited market. The most extensive demand is always the most steady, and the steadiness of demand, or what amounts to the same thing, of price, is the only safe reliance of manufacturers. A much lower than the average price directly injures them, and a much higher tends to occasion such an increase of their number as to make them ruin each other by competition.

Requiring the payment of duties on all merchandise on its delivery from the custom house, would be less pernicious than the abolition of drawbacks ; but so far as its object is to restrain commerce for the benefit of manufacturers, it is equally unjust. What apology is there for sacrificing the interests of one class of citizens to those of another ? If the change proposed be necessary for the administration of government, and to ensure the due collection of the revenue, it ought to be adopted, for it is then a burden imposed for the public good ; but it is quite another and a different thing, in effect as well as in origin, when imposed to gratify the demands of manufacturers alone. In such case it would be a most mischievous precedent.

To determine how far the measure is requisite to secure the collection of the revenue, it need only be stated, that the duties accruing from the customs, from the organization of the government to the end of the last year, amounted to more than three hundred and fifty one millions of dollars ; that the sum lost by the insolvency of those bound for the payment of duties is about one million, and that which is doubtful little more than five hundred thousand, both which sums together are not equal to half of one per cent on the whole amount. The sum lost by the defalcation of collectors and other receivers of public money is about the same, and that lost by the misconduct of officers employed in disbursing it much greater. The multiplication of public officers and the ware-houses which would be necessary under the proposed system must render it far more expensive, than that hitherto pursued. The present mode is rather a convenience to the government by enabling them to calculate more accurately before hand the amount of revenue which will accrue in any year, and thus to provide for an occasional deficiency.

Both these measures have a tendency to diminish the revenue, the abolition of drawbacks by preventing the introduction of any goods for reexportation, on which the government

retains two and a half per cent of the duties, and the refusal of a credit on duties, by diminishing the commercial capital employed.

The freedom of trade then, by creating and extending competition, is conducive to public prosperity, and ought never to be restrained but in order to obtain some national advantage fully compensating the expense and inconvenience produced by the restriction. The obstruction of some channels of trade has been recently urged with much clamour, not for the encouragement of domestic industry, but on the ground, that though profitable to those engaged in them, they impoverish the nation. This is the case, we are told, in our commerce with those countries from which our imports are greater in value than our exports to them. The difference, it is said, is a debt, which must be paid by exporting specie, and of course lessens our national wealth, and the balance of trade is unfavourable. Though the absurdity of this whole doctrine has been frequently exposed, it is still repeated, and we know no mode of preventing its gaining credit like many other errors by mere reiteration in spite of argument, but to oppose to it the repetition of the truth.

Even if the theory of the balance of trade were correct, the usual method of ascertaining this balance, by comparing the values of our exports and imports at their respective places of shipment, which seems by a late law to be adopted in Congress, is absurd; for according to this, in every case all a merchant loses on his outward voyage is calculated as gain, and all he gains as a loss. If his ship sink in the ocean, her cargo swells the amount of exports, while there is no corresponding return, and thus renders the balance of trade so much more favourable to the country than if she had gone safe. On the other hand, if her outward cargo sells for twice as much as it cost, and the whole amount is brought back in foreign merchandise, here, say these economists, is a total loss equal to the sum originally exported, for the difference between these two cargoes is of course a debt, which the country must pay in specie. Yet in truth it has contracted no debt and is to pay no specie, but has gained the very sum which is thus called a loss. The only means of ascertaining the amount of debt incurred by a nation in any branch of foreign commerce is to compare the value of its exports, where they are sold with that of its imports where they are pur-



chased. This would show how much it has to pay to any country beyond the value of direct exports to it. But it is by no means certain that this debt will be paid in specie. Our domestic productions may be sent to some third country, where goods which perhaps we do not want, and our creditors do, may be obtained to satisfy their claim. Or it may be paid in specie, without our exporting an ounce of gold or silver. Suppose a merchant, having imported a cargo of oil from the Mediterranean wholly on credit, to send it to Russia, and there sell it for enough to pay the debt in specie, and also to purchase a cargo for home, surely this last cargo is so much gained. And yet, according to the theory of the balance of trade, it is so much lost.

Admitting, however, that the balance of trade with a single foreign nation cannot be thus ascertained, still it is said that the excess of all the merchandise imported over all that exported must be paid for, and this can be done only by the precious metals. It is true that if the cost to our citizens of goods imported be greater than the proceeds of their goods exported, the difference ought to be paid; but not necessarily in money. It may be in labour, as by the carrying trade. Or if goods be imported on credit obtained abroad, and never paid for, a circumstance which occurs but too often, how can this be deemed a total loss to the country of the debtor? It may be an evidence of his poverty, but certainly it is not the cause of it, and must tend to impoverish the country of his creditor rather than his own. If the value of our imports and exports be taken in our own market, so far is it from being true, that the excess of the former is a gain, and that of the latter a loss, that including the precious metals, or supposing their importation and exportation equal, which is much more nearly the case in the ordinary course of trade, than is commonly supposed, the converse of the proposition is the truth; the excess of imports over exports is gained, and the excess of exports, which these economists call the measure of profit is in fact the exact amount lost. It cannot need an argument to show that any one gains, what he receives more than he gives, and loses, what he gives more than he receives. It is a fact which ought to shut the mouths of Americans on this question, that since the establishment of our constitution, during a course of unexampled prosperity, while commerce has been pouring over the land a flood of

wealth, this pretended balance of trade has always appeared unfavourable to us.

The trade with the East Indies is also particularly condemned, because it is said that it diminishes the quantity of specie in the country, and that this necessarily impedes public prosperity. Both assertions are erroneous. A great and constant demand in any place for specie, as for other property, no matter how it is to be used, tends to make it more abundant and cheaper, by establishing a steady and extensive market for it. Hence it is, that ever since the East India trade has been known, specie has been cheapest and most abundant where that trade has been most extensively pursued, and that Venice, Lisbon, Amsterdam, and London, have been, as they successively possessed it, the bankers of Europe.

Specie indeed is not a mere sign of value, but as really valuable as any other property we possess beyond the quantity we can consume, because it enables us to command the labour of others and may be given for whatever we want. It may be exchanged at all times and in all places for the commodities we most desire, more readily than any other goods; and in this alone consists its peculiar value. If then certain nations or individuals desire to have tea and silk more than any thing else, the principal worth of specie to them is its power of purchasing these articles, and if such purchases be prevented, its real value is diminished. It is perfectly immaterial whether our payments to foreigners be made in specie or in merchandise. Every thing we purchase must be paid for at last by our own productions. Money may be the article which we give immediately, but how did we purchase the money? It could only be by the fruits of our own capital, or of our own toil.

The preposterous position, that a trade may impoverish the nation, while it enriches all the individuals engaged in it, is not confined to our street politicians, but is heard even in Congress. An act has recently passed, requiring a statement on oath of the cost at the place of shipment of all merchandise, imported or exported, whose value is not already ascertained under the existing laws. Specie is probably intended to be omitted, under the absurd idea, that the value of our whole imports and exports must be equal, and that therefore if the amount of merchandise be known, the quantity of specie can easily be estimated. The treasury, however,

which sometimes works wonders by construction, may construe the general term merchandise to include specie, and in that case, if the law be fully executed, the excess of imports over exports will show the gain of all outward voyages; and estimating the value of both in our own market, the same excess will be the whole profit of our foreign commerce. This is exactly the converse of the common rule.

With regard to manufactures, we rejoice to see them flourish, because their natural and spontaneous growth is an evidence of prosperity. But they ought not to be supported at all hazards and at every expense. The example of England is often appealed to, and we are told in our newspapers, that she owes her greatness to her laws for the encouragement of manufactures. The most distinguished and enlightened of her own statesmen and economists, however, agree in attributing it principally to her immense commerce, and in ascribing the poverty of the lower classes of her people to the inordinate extension of manufactures.

We sometimes hear complaints, that our shipping has been too much encouraged by Congress. Now, what is the extent of this encouragement? The advantage given to Americans by discriminating duties has not been greater than other governments gave at the same time to their citizens, and its effect has been to place all carriers on equal ground, to increase competition instead of precluding it, to prevent foreigners from seizing a monopoly, not to give one to our own merchants. The activity and skill resulting from this competition has made both freight and insurance far cheaper than they otherwise could have been. That our merchants want nothing more, and depend solely on their own exertions for success, is proved by the fact, that not a murmur has been uttered by them against the last commercial treaty with Great Britain, by which the shipping of the greatest commercial nation, that ever existed, has been placed in free competition with ours; but on the contrary they consider it an advantage.

A refusal to impose on foreign vessels in our ports burdens equivalent to those imposed on ours in theirs, would enable any nation to obtain a monopoly of our trade with them, and when they have once secured this, who can doubt but they will take care to derive from it the utmost profit possible, and compensate themselves abundantly for the difficulty and expense of acquiring it?